

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
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FM AMEMBASSY ACCRA
TO SECSTATE WASHDC 5276
INFO AMEMBASSY LONDON
AMEMBASSY LAGOS
AMEMBASSY CANBERRA

C O N F I D E N T I A L ACCRA 6953

LONDON FOR SEITZ; LAGOS FOR AGATT

E.O. 11652: GDS
TAGS: EAID, EFIN, IMF, GH, UK, AS
SUBJ: DONORS' ATTITUDES: UPDATE

REF: ACCRA 6467 (NOTAL)

1. SUMMARY: LARGELY FOR POLITICAL REASONS, THE UK CONTINUES TO BE THE MOST WILLING, AMONG GHANA'S POTENTIAL DONORS, TO SUPPORT THE RECONSTITUTED SMC IN ADVANCE OF A KNOWN ECONOMIC PROGRAM OR AGREEMENT WITH THE IMF. A GOG DELEGATION, LED BY AN SMC MEMBER, IS TO DEPART FOR LONDON AUGUST 26. IT COULD WELL OBTAIN SOME MODEST PROGRAM AID. ALSO, AUSTRALIA MAY RESPOND FAVORABLY TO A RENEWED REQUEST FOR 5,000 MT OF WHEAT. THE US MAY BE NEXT TO BE ASKED AGAIN FOR ASSISTANCE. END SUMMARY.

2. AS REPORTED REFTEL, THE GOG HAS APPROACHED SEVERAL WESTERN DONORS, INCLUDING THE US, SEEKING PRINCIPALLY SHORT-TERM BALANCE OF PAYMENTS SUPPORT. MOST DONORS
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WITH THE IMPORTANT EXCEPTION OF THE UK, ARE AWAITING FURTHER ECONOMIC POLICY ANNOUNCEMENTS AND THE OUTCOME OF

GHANA'S DISCUSSIONS WITH THE IMF BEFORE DECIDING ON A RESPONSE TO THESE APPROACHES. THIS MESSAGE UPDATES REFTEL REPORT, ON THE BASIS OF TALKS WITH UK AND AUSTRALIAN HICOM OFFICERS.

3. THE UK HIGH COMMISSIONER WAS CALLED TO THE CASTEL LAST WEEK BY THE HEAD OF STATE, WHO AGAIN ASKED FOR PROGRAM ASSISTANCE, THIS TIME TO ENABLE HIS GOVERNMENT TO IMPORT CONSUMER GOODS FOR THE COMING CHRISTMAS SEASON. INFORMED THAT SUCH A REQUEST WOULD BE UNLIKELY TO SUCCEED IN LONDON, AND FOLLOWING A FRANK DISCUSSION, THE HEAD OF STATE IS TO SEND A GOG MISSION TO THE MEETING. THE MISSION WILL ASK FOR IMMEDIATE BALANCE OF PAYMENTS SUPPORT ALONG THE LINES SPELLED OUT IN PARA 2(C)(III), REFTEL. THE UK HIGH COMMISSION IS RECOMMENDING TO LONDON THAT MINISTERIAL-LEVEL MEETINGS BE ARRANGED FOR THEIR DELEGATION, TO BE LED BY AN SMC MEMBER. THE BRITISH HIGH COMMISSIONER EXPECTS THAT ECONOMIC PLANNING COMMISSIONER ABBEY AND BANK OF GHANA GOVERNOR ASHIAGBOR WOULD NECESSARILY BE INCLUDED. THE DELEGATION IS EXPECTED TO DEPART AUGUST 26. WHILE THEY MIGHT SEEK A FURTHER EXPORT CREDIT GUARANTEE DEPARTMENT (ECGD) LOAN, THE HIGH COMMISSION DOUBTS THEY WOULD GET ANY ADDITIONAL AMOUNT UNTIL THEY HAVE SHOWN FINANCIAL DISCIPLINE AND MADE SOME SUBSTANTIAL PAYMENTS ON SCHEDULE IN REPAYING THE FIRST TEN MILLION POUNDS (ACCRA 5286). MORE PROBABLY, THE GOG DELEGATION WILL ADVANCE ARRANGEMENTS FOR A PROGRAM LOAN AGAINST THE UK 15-20 MILLION POUND CAPITAL AID COMMITMENT (CONVERTED TO A PROGRAM LOAN) FOR THE COMING THREE YEARS (PARA TWO REFTEL).

4. SIGNIFICANCE. THE UK CLEARLY IS CONSIDERABLY AHEAD
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OF OTHER DONORS IN ITS WILLINGNESS TO SUPPORT THE RE-CONSTITUTED SMC, AS IT FACES THE SEVERE ECONOMIC PROBLMES INHERITED FROM ITS PREDECESSOR GOVERNMENT. THE UK CONCERN IS BOTH ECONOMIC AND POLITICAL: IF EVEN MORE OF GHANA'S FACTORIES CLOSE, LABOR UNREST GROWS, AND GOODS REMAIN UNOBTAINABLE, THE PRESENT GOVERNMENT COULD WELL BE UNDER SUCH IMMEDIATE POLITICAL PRESSURES AS TO BE UNABLE TO IMPLEMENT ANY LONG-TERM STABILIZATION PROGRAM. ALSO, OF COURSE, MANY OF THE FACTORIES NOW SHUT DOWN FROM LACK OF IMPORTS ARE BRITISH INVESTMENTS. OUR RECOMMENDED US STANCE IS SET FORTH IN ACCRA 6764.

5. AUSTRALIA. IN A RELATED DEVELOPMENT, THE AUSTRALIAN HIGH COMMISSIONER WAS CALLED TO THE CASTLE AUGUST 16 WHEN THE HEAD OF STATE RENEWED A REQUEST FOR 5,000 MT OF WHEAT. THAT REQUEST HAD FIRST BEEN MADE AS PART OF AN EMERGENCY FOOD AID APPROACH TO MANY DONORS EARLY THIS YEAR (ACCRA 1864) AND HAD BEEN DISCUSSED DURING ADMIRAL AMEDUME'S VISIT TO AUSTRALIA THIS SPRING.

6. COMMENT: WE HAVE RECEIVED SEVERAL INDICATIONS THAT THE U.S. WILL LIKEWISE BE ASKED AGAIN FOR SHORT-TERM

BALANCE OF PAYMENTS SUPPORT AND THAT HEAD OF STATE AKUFFO
MAY BE PREPARED TO GO TO THE US PERSONALLY TO UNDERLINE
THE NEED FOR SUCH ASSISTANCE, E.G. PARA 22(2) E. DAO ACCRA
IR 6-835-0141-78. ALTHOUGH THIS HAS NOT YET TAKEN PLACE,
WE DO NOT DISCOUNT THE POSSIBILITY, PARTICULARLY IN VIEW OF
AKUFFO'S REQUESTS WITH BRITISH AND AUSTRALIANS.
HOLMES

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